

Youth Earnings in Australia 1980-1994: A comparison of three youth cohorts

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EXECUTIVE SUMMARY

This report examines hourly earnings among Australian young people using three of the Youth in Transition cohorts from the Longitudinal Surveys of Australian Youth (LSAY) project. The influences on hourly earnings are analysed in three sections. The first presents the correlations between hourly earnings and measures of social background and school factors, qualifications and labour market history. The second part of the investigation models earnings using a four step procedure adding, sequentially, social and demographic background factors, school factors including school sector and school achievement, qualifications and year 12 completion, and finally employment history. The final section focuses on both aging and cohort effects by examining the impact on hourly earnings of gender, schooling, qualifications and employment experience at particular ages.

The main findings of this study are as follows:

- School achievement has a moderate effect on hourly earnings, net of qualifications and employment experience;
- The effects of school achievement increase with age;
- There is evidence that the effects of school achievement on hourly earnings are increasing over time;
- Completing year 12 increased hourly earnings, net of school achievement, other qualifications and background factors. Its effect was stronger at younger age groups;
- The gender gap in earnings appears to be declining across cohorts;
- Employment experience has less of an impact amongst women than it does amongst men; this difference is greater in younger cohorts;
- Background factors such as socioeconomic background and coming from a non-English speaking background do not have an effect net of qualifications and employment experience;
- Living in a non-metropolitan area during the school years is associated with lower hourly earnings;
- Having a degree is one of the major positive influences on earnings while other qualifications (excepting a University or CAE diploma) were of little long-term advantage;
- Apprenticeships are associated with an initial earnings advantage which declines as the youth cohorts grow older;
- Increases in the overall unemployment rate are associated with decreases in hourly earnings.